



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF HUMAN SERVICES  
LANSING



MARIANNE UDOW  
DIRECTOR

September 27, 2006

The Honorable Bill Hardiman, Chair  
Senate Appropriations Subcommittee on DHS  
Michigan State Senate  
Lansing, Michigan 48933

The Honorable Rick Shaffer, Chair  
House Appropriations Subcommittee on DHS  
Michigan House of Representatives  
Lansing, Michigan 48933

Dear Senator Hardiman and Representative Shaffer:

In my January 2006 letter we indicated Section 261 and 262 of Public Act 147 of 2005 were integrally tied together and any actions taken to accomplish one section will apply to and affect the other. My letter also indicated we have a lengthy history of working toward the goals identified in Sections 261 and 262. I provided examples of our accomplishments prior to January 2006.

Essentially, the Department of Human Services is required by Section 261: to develop a plan to restructure local offices to maximize services and minimize costs; identify duplication of services and develop solutions to remove this duplication; provide a presence and services in every county; identify an implementation date and identify potential cost savings. Section 262 required the department to develop a plan to assist local services delivery effectiveness, maximize use of state resources, and respond to unique geographic regions.

Since January 2006, a work group (with members representing the Michigan County Social Services Association, a number of county DHS board members, county director representatives from small, large, urban and rural counties, DMB Real Estate Division, DHS Facilities Management and managers and staff from Field Operations Administration) has met to develop a statewide plan to continue our progress as required by Sections 261 and 262. This group identified additional recent accomplishments not included in my January letter as well as criteria for consolidation/co-location, a review of local offices meeting these criteria, and the identification of options/models that address boilerplate requirements. Copies of the criteria and the options/models are enclosed for your review. In addition, we reviewed the Facilities Five Year Plan from DMB as it relates to DHS facilities.

Since my last report to you, we began the work needed to close our Dearborn Training Center, consolidating southeast Michigan training facilities at Cadillac Place. This consolidation is expected to achieve a savings of approximately \$500,000 during the fiscal year 2007. We also anticipate a review of all local offices with 15 or fewer

employees to determine opportunities for savings through consolidation or co-location. This work started in the last quarter of fiscal year 2006 and will extend into fiscal year 2007. Work is under way to replace antiquated telecommunications systems in local offices with reliable telephone systems that should support future consolidation for small dual county office systems.

DHS Facilities Management has recently drafted a Department of Human Services Five Year Facilities Plan that incorporates facility-related discussions to date. The plan includes the closure of two Wayne County district offices, Lincoln Park and Fullerton. In addition, as a part of our consolidation/co-location plans, Wayne County has developed a proposal to close two additional district offices (Inkster and Taylor), convert the Western Wayne Child and Family Services district to a General Services district, and accommodate the staff from Western Wayne at Central Operations/Russell Street, North Central Child and Family Services, and South Central Child and Family Services. In addition, Wayne County DHS proposes to establish two Intake Reception Centers in current district offices to better use space available, and to better serve the Wayne County community. DHS Facilities Management has included this proposal as a part of the draft Five Year Facilities Plan. A complete review of the draft with staff from Field Operations, Budget and upper level management occurred on August 22, 2006.

Anticipated savings from implementation of the DHS Five Year Facilities Plan cannot be determined until review of the entire plan is completed and costs associated with consolidation, co-location and moving are calculated. We intend to use the criteria developed by the work group for our review as well as the Department of Human Services Five Year Facilities Plan. The review will include conversations with local partners through the Community Collaborative and the use of an updated protocol developed and used for consolidation over the last five years. Once final recommendations are decided, a complete matrix of savings and costs can be calculated.

As of August 1, 2006 regional accounting located in Missaukee/Wexford counties has been expanded to 8 counties in Regional Service Center 2. Four counties, (Mecosta/Osceola, Ionia/Montcalm) have been consolidated into a regional accounting unit in Regional Service Center 3 located in Mecosta County effective September 1, 2006. In fiscal year 2007 we anticipate establishing a regional accounting office in Montmorency/Oscoda serving 8 offices and another Regional Service Center 2 accounting unit to serve the remaining 6 counties in this region. During fiscal year 2007-08 all remaining counties in Regional Service Center 4 will establish single business offices for dual counties not already consolidated. With the exception of Region 1 accounting, all consolidated accounting units are locally managed by a "hub" county director with oversight by the regional office.

Plan First has been established as a central service in conjunction with Healthy Kids staff. Healthy Kids supervisors also supervise staff hired to determine Plan First eligibility and all of these staff are located in the same facility.

In areas of the state where local office size precludes individual workers for each program area, we have or are in the process of developing two different models for the delivery of services. In the first model, regional staff provides services from a number of different local offices with supervision from a Regional Service Center manager. This enhances staff expertise in areas such as Michigan Youth Opportunities initiatives, adoption, Family to Family coordination and facilitation, Medical Assistance error reduction, long-term care eligibility determinations, recoupment, and juvenile justice. In the second model, staff are located in and supervised by a single county but serve a

number of counties for specialized services. Regions 2 and 3 accounting are testing this model. We also expect to move the Medical Review Team pilot staff into a similar model in Newaygo, Saginaw and Kalamazoo counties. Local office managers will provide day to day management and supervision with oversight by the regional manager. In addition, SSI advocates will be supervised centrally, but located regionally, in order to provide statewide services. Analysis of model effectiveness will be shared periodically with the current 261 and 262 work group.

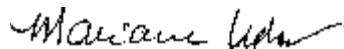
Based on the criteria developed by the work group, we believe one of our opportunities for consolidation with service delivery in each county is through co-location with other state and local departments, agencies and/or organizations. We also believe implementation of the Family Resource Model into a Community Resource Model may allow the department to consolidate staff in one building serving more than one county and still provide a staff presence in each county by placing key staff in schools, community centers, hospitals or other organizations that also serve our client population.

Transparent county lines help support access to services for Michigan citizens. Currently, 48 Michigan county DHS offices serve clients based on the client's identification of the office most conveniently located to them. The work group will review opportunities to expand the number of counties offering the transparent county line concept.

Members of the work group are committed to continuing their work into the next fiscal year. The group will continue to examine opportunities for the efficient and effective use of facilities to better serve our clients and construct a flexible business case able to respond to changes in the department's service delivery environment. During the early part of FY2007, we will identify priorities for action and more fully develop our action plan and associated costs and savings. The Jobs, Education and Training program, Bridges, and the Single Point of Entry initiatives are all expected to have an impact on our planning.

I am pleased to share the work products for Section 261 and 262 for PA 147 of 2005. Legislative support will be needed in order to accomplish all that we have planned.

Sincerely,

A handwritten signature in cursive script, appearing to read "Marianne Udow".

Marianne Udow

Attachment

## **CRITERIA FOR CO-LOCATION OR CONSOLIDATION**

The Section 261 and 262 workgroup identified the following criteria for evaluation when considering co-location or consolidation of MDHS local offices:

- Access for clients.
- Presence in the county or where clients are located.
- Community perception and a plan for educating the community.
- Opportunities to co-locate with partners – local, state, school, county, health, community centers, hospitals, nursing homes, etc.
- Condition of our current facility.
- Population density, shifts or growth patterns and forecasts.
- Alignments with other agency service areas.
- Travel patterns and state highways including shopping patterns and health care access patterns.
- Regional hospital centers and patterns.
- Cost – overall and per employee.
- Diminished capacity to administer a local office – defined as less than 15 staff in the local office building.
- Ability to maintain internal controls.
- Capacity and cost to travel to maintain supervision in 2 offices.
- Regional services availability and location of Regional Service Center staff.
- State cars, access, charges and transportation costs.
- Population centers and their location in the county.
- Availability of information from county planning offices.
- Access to transparent county lines – does this provide adequate access.
- Cost of the work station, copier, fax and telecommunications when we are co-locating with other organizations.
- Charge backs that double the cost per square foot v. all inclusive leases as currently being negotiated by DMB.
- Overall savings when two agencies co-locate in one building and the return of savings to the local office.
- Consolidation within a current building but to fewer square feet of rented space.
- Start-up and on-going costs for off-site locations.
- Impact of county office consolidations on neighboring counties.
- Family Resource Center sites and the potential reduction in family relocation.
- Transparent county lines as a tool and its impacts on clients and other local offices.
- Availability and suitability of non-traditional locations.
- Current computer structure versus wireless capacity of sharing connectivity with other state agencies.
- Advantage of host computer access.

## **Co-location and Consolidation Models**

### **Co-Location:**

DHS local offices share physical office space with a community partner agency – for example, Manistee County shares office space with the Michigan Works Agency (MWA). The shared space can be fully shared space with shared reception staff, shared lobby, etc. It can also be in the same building but with separate reception staff in the same lobby or with separate lobbies but sharing other parts of the facility such as the break room, conference room space, etc.. Finally, it can be shared space with use by staff on days opposite from the partner agency.

### **Consolidation:**

Consolidation can occur when two counties share the same administrative staff and because of size and accessibility to our client population, are able to move into one shared building. We have consolidated a number of local offices e.g., Charlevoix/Emmet County DHS, Missaukee/Wexford County DHS, etc. In all instances where we have consolidated the staff from two separate county offices into one building we have made arrangements to provide services in the county opposite from where the county office is located. In addition, the department has instituted Transparent County Lines allowing clients to select the local office most convenient for meeting their cash assistance case processing needs.

One way to accomplish consolidation is to have staff work from a Family Resource Center site, another community site, a hospital or from another agency in the community. In this way we are able to continue to have a presence in both counties and provide access to all of our clients in both communities.

Another model for consolidation within single counties is to reduce the amount of square footage needed to accommodate the staff allocated to the local office. We have renegotiated leases and will continue to look for opportunities to do so where this makes sense. Wayne County has significantly reduced the size overall of their county operation by combining district offices.